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Possible Impact of Further Relaxation
of International Trade Controls

It is as yet too early to forecast the extent of reduction in international trade controls that will result from the COCOM negotiations at present taking place, but it appears evident that there will be an appreciable cutback in controls. The embargo list conceivably could be reduced to 70-80 items, approximately two fifths of the present total; if any secondary control is retained, it would probably consist of an abbreviated surveillance list. The reduction in the number of items is not, however, the real yardstick. It appears that, in the aggregate, the embargo list will consist of fewer items. *The list will consist of* [^] ~~but~~ ^{will} those now considered to be of significance to the Soviet military potential and not include many items currently believed to be of little "strategic" importance. A change in composition of Sino-Soviet Bloc imports from the Western World will probably result from the relaxation of controls rather than any great increase in the volume of such imports.

Soviet adjustments to present international trade controls, and general progress in the U.S.S.R. toward self-sufficiency under controls, have reduced Soviet needs for many of the items which will be decontrolled. On the other hand, there will probably be some increased U.S.S.R. demand, principally on Western Europe and the United States, for decontrolled commodities in such categories as chemical plants

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and equipment, precision instruments, and electronic equipment.

The over-all effect of the impending relaxation of trade controls upon the economy of the U.S.S.R. and any resultant increase in trade with the non-Communist world will depend upon the extent to which deprivation of the items to be decontrolled has limited Soviet output, and the extent to which free access to non-Communist sources of these items would stimulate the growth of Soviet output.

It is clear that the U.S.S.R. will benefit from decontrol of some items, i.e., certain bottlenecks could be relieved and certain scarcities could be remedied. Nevertheless, the adjustments made in the past to the imposition of COCOM and CHINCOM controls have gone sufficiently far to make the present importance, for economic growth, of imports of these items considerably less than it was at the time the controls were imposed. Thus, although the U.S.S.R. may gain some unmeasurable strategic advantage from the relaxation of COCOM export controls, the quantitative effect of such increased trade on the growth of the Soviet GNP would probably amount to only a fraction of one percent.

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